

**House File 2503 - Introduced**

HOUSE FILE 2503  
BY COMMITTEE ON NATURAL  
RESOURCES

(SUCCESSOR TO HSB 700)

**A BILL FOR**

1 An Act creating a natural resources and outdoor recreation  
2 trust fund to implement a proposed amendment to the  
3 Constitution of the State of Iowa, and providing for  
4 contingent implementation.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 SUBCHAPTER I  
2 GENERAL PROVISIONS  
3 Section 1. NEW SECTION. 461.1 Title.

4 This Act shall be known and may be cited as the natural  
5 resources and outdoor recreation Act.

6 Sec. 2. NEW SECTION. 461.2 Definitions.

7 As used in this chapter, unless the context otherwise  
8 requires:

9 1. "*Department*" means the department of agriculture and  
10 land stewardship, the department of natural resources, or the  
11 department of transportation.

12 2. "*Fiscal year*" means the state fiscal year effective as  
13 provided in section 3.12.

14 3. "*Initiative*" includes a program, project, practice,  
15 strategy, or plan established or administered by an agency that  
16 furthers a constitutional purpose as provided in section 461.3.

17 4. "*Recreational purpose*" includes hunting, trapping,  
18 angling, horseback riding, swimming, boating, camping,  
19 picnicking, hiking, bird watching, nature study, water skiing,  
20 snowmobiling, other summer and winter sports, and viewing or  
21 enjoying historical, archaeological, scenic, or scientific  
22 sites.

23 5. "*Trust fund*" means the natural resources and outdoor  
24 recreation trust fund created in section 461.3.

25 6. "*Trust fund moneys*" means moneys originating from the  
26 natural resources and outdoor recreation trust fund.

27 Sec. 3. NEW SECTION. 461.3 Constitutional purpose and  
28 implementation.

29 1. This chapter is created for the constitutional purposes  
30 of protecting and enhancing water quality and natural areas  
31 in this state including parks, trails, and fish and wildlife  
32 habitat, and conserving agricultural soils in this state.

33 2. This chapter is intended to implement Article VII,  
34 section 10 of the Constitution of the State of Iowa by  
35 establishing the natural resources and outdoor recreation

1 trust fund, accounts in the trust fund, and appropriating or  
2 allocating trust fund moneys to support initiatives specified  
3 in subchapter IV.

4 SUBCHAPTER II  
5 PARTICIPATION

6 Sec. 4. NEW SECTION. 461.11 Departmental consultation.

7 1. When making decisions regarding the expenditure of  
8 trust fund moneys affecting soil and water conservation, the  
9 secretary of agriculture shall regularly consult with the  
10 soil conservation committee established in section 161A.4.  
11 When making decisions regarding the expenditure of trust fund  
12 moneys affecting natural resources and outdoor recreation the  
13 director of the department of natural resources shall regularly  
14 consult with the natural resource commission established  
15 pursuant to section 455A.5. When making decisions regarding  
16 the expenditure of trust fund moneys affecting trails, the  
17 department of transportation shall consult with the state  
18 transportation commission as provided in chapter 307A.

19 2. The heads of each department receiving trust fund moneys  
20 shall regularly meet and whenever practicable collaborate in  
21 decision-making including by adopting rules, establishing  
22 funding priorities, and determining when it is beneficial to  
23 provide joint funding of initiatives.

24 SUBCHAPTER III  
25 ADMINISTRATION

26 Sec. 5. NEW SECTION. 461.21 Audit.

27 1. The treasurer of state shall certify monthly that trust  
28 fund moneys are allocated to the various funds and accounts as  
29 provided in subchapter IV.

30 2. The auditor of state or a certified public accounting  
31 firm appointed by the auditor of state shall conduct an annual  
32 audit of the trust fund and all accounts and transactions of  
33 the trust fund and accounts.

34 3. The auditor of state or the certified public accounting  
35 firm appointed by the auditor as provided in subsection 2 shall



1 2. Trust fund moneys are exclusively appropriated by law  
2 to carry out the constitutional purposes provided in section  
3 461.3.

4 3. Trust fund moneys shall supplement and not replace  
5 moneys appropriated by the general assembly to support the  
6 constitutional purposes provided in section 461.3.

7 4. Trust fund moneys shall only be used to support voluntary  
8 initiatives and shall not be used for regulatory efforts,  
9 enforcement actions, or litigation.

10 5. In administering a trust fund account, a department  
11 may contract, sue and be sued, and authorize payment for  
12 costs, fees, commissions, and other reasonable expenses from  
13 the account. However, a department shall not in any manner  
14 directly or indirectly pledge the credit of this state.

15 6. Notwithstanding section 8.33, any unexpended balance in  
16 the trust fund or in an account created within the trust fund  
17 at the end of each fiscal year shall be retained in the trust  
18 fund or the respective account. Notwithstanding section 12C.7,  
19 subsection 2, interest or earnings on investments or time  
20 deposits of the moneys in the trust fund and its respective  
21 accounts shall be credited to the trust fund and its respective  
22 accounts. The recapture of awards originating from an account  
23 and other repayments to an account shall be retained in that  
24 account.

25 Sec. 9. NEW SECTION. 461.32 Natural resources account  
26 — allocations.

27 A natural resources account is created in the trust fund.  
28 Twenty-three percent of the moneys credited to the trust fund  
29 shall be allocated to the account.

30 1. The account shall be used by the department of natural  
31 resources to support all of the following initiatives:

32 a. The establishment, maintenance, restoration,  
33 improvement, or enhancement of state parks, state preserves,  
34 state forests, wildlife areas, wildlife habitats, native  
35 prairies, and wetlands.

- 1     *b.* Wildlife diversity.
- 2     *c.* Recreational purposes.
- 3     *d.* Technical assistance and financial incentives to private  
4 landowners to promote the management of forests, fisheries,  
5 wetlands, and wildlife.
- 6     *e.* The improvement of water trails, rivers, and streams.
- 7     *f.* Education and outreach that provide instruction regarding  
8 natural history and the outdoors. The subjects of such  
9 instruction may relate to opportunities involving recreational  
10 purposes, outdoor safety, and ethics.
- 11    *g.* State conservation law enforcement.
- 12    2. The department of natural resources shall to every extent  
13 possible consider its comprehensive plan provided in section  
14 456A.31 when making funding decisions.
- 15    Sec. 10. NEW SECTION. **461.33 Soil conservation and water**  
16 **protection account — allocations.**
- 17    A soil conservation and water protection account is created  
18 in the trust fund. Twenty percent of the moneys credited to  
19 the trust fund shall be allocated to the account.
- 20    1. The account shall be used by the department of  
21 agriculture and land stewardship to support all of the  
22 following initiatives:
- 23    *a.* Soil conservation and watershed protection, including  
24 by supporting the soil conservation division of the department  
25 of agriculture and land stewardship and soil and water  
26 conservation district commissioners. The department may  
27 provide for the installation of conservation practices and  
28 watershed protection improvements as provided in chapters 161A,  
29 161C, 461A, 466, and 466A.
- 30    *b.* The conservation of highly erodible land. The department  
31 of agriculture and land stewardship may execute contracts with  
32 private landowners who agree to reserve such land only for uses  
33 that prevent erosion in excess of the applicable soil loss  
34 limits as established in section 161A.44.
- 35    *c.* Soil conservation or crop management practices used on

1 land producing biomass for biorefineries, including cellulosic  
2 ethanol production.

3 2. The department of agriculture and land stewardship may  
4 use the account to provide financial incentives or technical  
5 assistance to landowners.

6 Sec. 11. NEW SECTION. **461.34 Watershed protection account**  
7 **— allocations.**

8 A watershed protection account is created in the trust fund.  
9 Fourteen percent of the moneys credited to the trust fund shall  
10 be allocated to the account.

11 1. The account shall be used cooperatively by the department  
12 of natural resources and the department of agriculture and land  
13 stewardship to support all of the following initiatives:

14 a. Water resource projects administered by the department  
15 of natural resources to preserve watersheds, including but not  
16 limited to all of the following:

17 (1) Projects to protect, restore, or enhance water quality  
18 in the state through the provision of financial assistance to  
19 communities for impairment-based, locally directed watershed  
20 projects. The department may use the account to support the  
21 water resource restoration sponsor program as provided in  
22 section 455B.199.

23 (2) Regional and community watershed assessment, planning,  
24 and prioritization efforts, including as provided in chapter  
25 466B.

26 b. Surface water protection projects and practices  
27 administered by the department of agriculture and land  
28 stewardship or the department of natural resources, including  
29 but not limited to the installation of permanent vegetation  
30 cover, filter strips, grass waterways, and riparian forest  
31 buffers; dredging; and bank stabilization. The departments  
32 of agriculture and land stewardship and natural resources  
33 may use the account to support the conservation buffer strip  
34 program provided in section 466.4 and the conservation reserve  
35 enhancement program as provided in section 466.5.

1 2. The departments' decision to prioritize initiatives may  
2 be based on the priority list of watersheds provided in section  
3 456A.33A.

4 Sec. 12. NEW SECTION. 461.35 Iowa resources enhancement and  
5 protection fund — allocation.

6 Thirteen percent of the moneys credited to the trust  
7 fund shall be allocated to the Iowa resources enhancement  
8 and protection fund created in section 455A.18 for further  
9 allocation as provided in section 455A.19.

10 Sec. 13. NEW SECTION. 461.36 Local conservation partnership  
11 account — allocations.

12 A local conservation partnership account is created in the  
13 trust fund. Thirteen percent of the moneys credited to the  
14 trust fund shall be allocated to the account.

15 1. The department of natural resources shall allocate  
16 trust fund moneys in the account to local communities for the  
17 following initiatives:

18 a. The maintenance and improvement of parks, preserves,  
19 wildlife areas, wildlife habitats, native prairies, and  
20 wetlands.

21 b. Wildlife diversity.

22 c. Recreational purposes.

23 d. The improvement of water trails, rivers, and streams.

24 e. Education and outreach programs and projects that provide  
25 instruction regarding natural history and the outdoors. The  
26 subjects of such instruction may relate to opportunities  
27 involving recreational purposes, outdoor safety, and ethics.

28 f. Any other purpose described in section 350.1.

29 2. A local community may cooperate with the state or the  
30 federal government to carry out the initiative. Two or more  
31 local communities may form an entity if allowed under chapter  
32 28E in order to carry out the initiative.

33 3. As used in this section, "local community" means a county  
34 conservation board, a city, or a nongovernmental organization  
35 operating on a nonprofit basis.

1     Sec. 14. NEW SECTION.   **461.37 Trails account — allocations.**

2     A trails account is created in the trust fund. Ten percent  
3 of the moneys credited to the trust fund shall be allocated to  
4 the account.

5     1. The department of transportation and the department  
6 of natural resources shall allocate moneys in the account to  
7 support initiatives related to the design, establishment,  
8 maintenance, improvement, and expansion of land trails. The  
9 land trails may be for equestrian use, bicycles, walking,  
10 hiking, nature study, or cross-country skiing.

11    2. The department of natural resources may use the account  
12 to support the design, establishment, maintenance, improvement,  
13 and expansion of water trails.

14    Sec. 15. NEW SECTION.   **461.38 Lake restoration account —**  
15 **allocations.**

16    A lake restoration account is created in the trust fund.  
17 Seven percent of the moneys credited to the trust fund shall  
18 be deposited to the account. The department of natural  
19 resources shall use moneys in the account to support public  
20 lake restoration initiatives as follows:

21    1. An initiative shall account for a lake's recreational,  
22 environmental, aesthetic, ecological, and social value. It  
23 must improve water quality.

24    2. The department's decision to prioritize an initiative  
25 may be based on the department's lake restoration plan and  
26 report as provided in section 456A.33B.

27    Sec. 16. CONTINGENT IMPLEMENTATION. This Act shall be  
28 implemented on January 1, 2011, if the joint resolution  
29 proposing an amendment to the Constitution of the State of Iowa  
30 to dedicate a portion of state revenue from the tax imposed on  
31 certain retail sales of tangible personal property and services  
32 for the benefit of the state's natural resources, as passed for  
33 the second time by the general assembly as provided in 2009  
34 Iowa Acts, chapter 185, and submitted to the people of the  
35 State of Iowa at the general election in November 2010, in the

1 manner required by the Constitution of the State of Iowa and  
2 the laws of this state, is ratified.

3 EXPLANATION

4 BACKGROUND. In 2008, the 82nd General Assembly passed  
5 Senate Joint Resolution 2002 and in 2009 the 83rd General  
6 Assembly passed House Joint Resolution 1 proposing an amendment  
7 to the Constitution of the State of Iowa to dedicate a portion  
8 of state revenue from the tax imposed on certain retail sales  
9 of tangible personal property and services for the benefit  
10 of the state's natural resources. The resolution creates a  
11 natural resources and outdoor recreation trust fund within the  
12 state treasury and not within the general fund of the state.  
13 Moneys in the fund cannot be used for any purpose other than  
14 protecting and enhancing water quality and natural areas in  
15 this state including parks, trails, and fish and wildlife  
16 habitat, and conserving agricultural soils in this state. No  
17 revenue is credited to the fund until the sales and use tax  
18 rate is increased. Whenever the sales tax is increased, the  
19 amount generated by the increase is credited to the fund. If  
20 approved by a majority of Iowa voters, the constitution of  
21 the state is amended effective as of the date of the general  
22 election.

23 GENERAL. The bill creates a new Code chapter referred to  
24 as the natural resources and outdoor recreation Act. The bill  
25 provides that its purpose is to implement the constitutional  
26 purposes of protecting and enhancing water quality and natural  
27 areas in this state including parks, trails, and fish and  
28 wildlife habitat, and conserving agricultural soils in this  
29 state. The fund is administered by the treasurer of state  
30 and provides for distributions to support various initiatives  
31 to be carried out by the department of natural resources,  
32 the department of agriculture and land stewardship, and  
33 the department of transportation. An initiative includes a  
34 program, project, practice, strategy, or plan established  
35 or administered by an agency that furthers a constitutional

1 purpose.

2 PARTICIPATION. The bill requires the heads of the three  
3 departments who make decisions regarding the expenditure  
4 of trust fund moneys to consult with bodies that oversee  
5 policies concerned with natural resources. The director of  
6 the department of natural resources must consult with the  
7 natural resource commission, the secretary of agriculture must  
8 consult with the state soil conservation committee, and the  
9 director of the department of transportation must consult with  
10 the state transportation commission. The heads of the three  
11 departments must regularly meet together and collaborate when  
12 making decisions.

13 ADMINISTRATION. The bill requires annual audits by the  
14 auditor of state or a private accounting firm. Finally, the  
15 three departments together with the treasurer of state and  
16 auditor of state must submit an annual report to the governor  
17 detailing the management of the trust fund, decision-making,  
18 and the results of expenditures from the trust fund. The bill  
19 requires those agencies to adopt rules necessary to carry out  
20 their responsibilities.

21 TRUST FUND ESTABLISHED. The bill creates the trust  
22 fund, provides that moneys may be credited to the fund as  
23 provided by law or accepted by a decision-making department  
24 for placement in an account under its control. According to  
25 the bill, trust fund moneys shall supplement and not replace  
26 moneys appropriated by the general assembly to support the  
27 constitutional purposes, must be used to support voluntary  
28 initiatives, and must not be used for regulatory efforts,  
29 enforcement actions, or litigation. Moneys in a fund or  
30 account remain in the fund or account until expended and retain  
31 all earnings.

32 TRUST FUND ALLOCATIONS — NATURAL RESOURCES ACCOUNT. The  
33 bill creates a natural resources account and provides for the  
34 allocation of trust fund moneys to the account for use by the  
35 department of natural resources to support initiatives related

1 to state lands, wildlife, recreation, natural habitat, rivers  
2 and streams, education, and state conservation law enforcement.

3 SOIL CONSERVATION AND WATER PROTECTION ACCOUNT. The bill  
4 creates a soil conservation and water protection account and  
5 provides for the allocation of trust fund moneys into the  
6 account for use by the department of agriculture and land  
7 stewardship to support initiatives related to soil conservation  
8 and watershed protection to support the department's soil  
9 conservation division and soil and water conservation  
10 district commissioners. The department may also provide for  
11 the conservation of highly erodible land and provide for  
12 soil conservation or crop management practices used on land  
13 producing biomass for biorefineries.

14 WATERSHED PROTECTION ACCOUNT. The bill creates a watershed  
15 protection account and provides for the allocation of trust  
16 fund moneys into the account for use by the department of  
17 natural resources and the department of agriculture and land  
18 stewardship to support initiatives related to water resource  
19 initiatives, including for the protection, restoration, or  
20 enhancement of water quality in the state, and the installation  
21 of vegetation as soil or pollution barriers.

22 IOWA RESOURCES ENHANCEMENT AND PROTECTION FUND. The bill  
23 provides for the allocation of trust fund moneys to the Iowa  
24 resources enhancement and protection fund for allocations as  
25 provided by law.

26 LOCAL CONSERVATION PARTNERSHIP ACCOUNT. The bill creates  
27 a local conservation partnership account and provides for  
28 the allocation of trust fund moneys into the account for use  
29 by the department of natural resources to support community  
30 initiatives, including for parks, preserves, wildlife areas,  
31 wildlife habitats, native prairies, and wetlands; wildlife  
32 diversity; recreation; the improvement of water trails, rivers,  
33 and streams; and education and outreach. A local community  
34 is limited to a county conservation board, a city, or a  
35 nongovernmental organization operating on a nonprofit basis; or

1 a city or county allowed to organize under a Code chapter 28E  
2 agreement.

3 TRAILS ACCOUNT. The bill creates a trails account and  
4 provides for the allocation of trust fund moneys into the  
5 account for use by the department of transportation and  
6 the department of natural resources to support the design,  
7 establishment, maintenance, improvement, and expansion of land  
8 trails and water trails.

9 LAKE RESTORATION ACCOUNT. The bill creates a lake  
10 restoration account and provides for the allocation of trust  
11 fund moneys into the account for use by the department of  
12 natural resources to support initiatives related to lake  
13 restoration taking into account a lake's recreational,  
14 environmental, aesthetic, ecological, and social value.

15 CONTINGENT IMPLEMENTATION. The bill is to be implemented  
16 on January 1, 2011, if the joint resolution proposing the  
17 amendment to the Constitution of the State of Iowa is ratified.